

**Report of Independent Auditor  
To the Management of  
Total Call International, Inc.  
Los Angeles, CA 90017**

<i>In the matter of</i>	)	
	)	
<i>Conformance to the Pay Telephone</i>	)	July 2004
<i>Reclassification &amp; Compensation Provisions of</i>	)	
<i>The Telecommunications Act of 1996</i>	)	
<i>FCC 03-235</i>	)	

**Letter of Attestation**

We have examined management's assertion, that it believes that, subsequent to July 1, 2004, Total Call International's controls over its review methods, procedures and systems deployed for compliance with FCC Dial-Around Compensation (DAC) requirements, are effective in providing reasonable assurance that FCC reporting requirements are properly followed, summarized and reported to Payphone Service Providers (PSP's). This assertion is included in the accompanying report by management titled, "Report of Management on Compliance with Applicable Requirements". Total Call International's management is responsible for maintaining effective controls over its measurement and reporting function. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in general accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) but primarily with GAO GAGAS<sup>1</sup>, and, as required, included obtaining an understanding of the controls over review methods, procedures and systems deployed by management for compliance with FCC requirements, testing, and evaluating the design and operating effectiveness of those controls, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in controls, errors or fraud may occur and not be detected. Also, projections of any evaluation of controls over the measurement and reporting function to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion, that it believes that, as of July 1, 2004, Total Call International's controls over its measurement and reporting function as it relates to review methods, procedures and systems deployed by management for compliance with FCC requirements are effective in providing reasonable assurance that FCC requirements are properly recorded, summarized and reported, is fairly stated, in all material respects, based on the criteria specified in management's report.

This report is intended for compliance purposes, and, as such, the information contained herein and its use is solely at the discretion of Total Call International's management.

By: \_\_\_\_\_, Principal

I. Nicholas Phelan

February 1, 2005

Princeton Associates  
Phoenix, Arizona, USA

**Total Call International  
Management Report on Compliance  
with Applicable Requirements  
of the FCC's Rules and Regulations,  
Section 64.1310(a)(I)**

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## I. INTRODUCTION

It is common industry knowledge that, since the implementation of the Telecommunications Act of 1996, there have been ongoing discussions among carriers ("Inter Exchange Carriers" and "Completing Carriers") and payphone service providers (PSPs) as to how best to ensure PSPs are fairly compensated for all completed coinless calls originating from their payphones.

On September 30, 2003, the Federal Communications Commission (FCC) released its Report and Order in CC Docket No. 96128 (FCC 03-235) titled *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*. In this latest ruling, the FCC adopted new payphone compensation rules.

These rules place responsibility on the completing carrier to establish a call-tracking system and to compensate PSPs for coinless payphone-originated calls that are completed by that carrier. Carriers are required to establish call tracking systems, have an independent third-party auditor attest that the system accurately tracks payphone calls to completion, and pay PSPs directly, based on the carrier's own call tracking data. The FCC rules also define new reporting requirements for intermediate carriers, although no attestation is required.

The requirements set forth by the FCC take effect the first day of the first full quarter after the new rules became effective. These rules became effective July 1, 2004.

### **Total Call International, Inc.**

Total Call International, Inc., located in Los Angeles, CA, began business in 1999, and provides solutions to customers' Switched Long Distance Services, Prepaid Calling Cards, Dedicated Voice, Dedicated Data, Dial-Up ISP, Integrated Voice & Data, DSL and Conferencing.

## **II. BACKGROUND**

Prior to the new rules becoming effective, carriers were required to follow the rules as set forth in the FCC's previously issued Second Order on Reconsideration (CC Docket No. 96-128). For many carriers, current network and billing system processes and procedures implemented to comply with the Second Order of Reconsideration may already support compliance with portions of the FCC's latest ruling. However, when the new rules became effective, carriers were required to implement a more detailed level of data gathering, analysis, storage, and reporting, as well as monitor compliance with the new rules.

Each completing carrier will be required to file a report from the independent auditor regarding the completing carrier's compliance with the FCC's rules by the effective date of such rules. Generally consistent with standards established by the American Institute of Certified Public Accounts (AICPA) for attestation engagements, the System Audit Report shall consist of (1) the completing carrier's representation concerning its compliance and (2) the independent auditor's opinion concerning the completing carrier's representation of compliance.

This report must be filed with the FCC Commission's Secretary in CC Docket No. 96-128 and with each PSP for which the completing carrier completes calls and with each facilities-based long distance carrier from which it receives payphone calls.

### III. TOTAL CALL INTERNATIONAL MANAGEMENT SUMMARY – COMPLIANCE ATTESTATION

The management of Total Call International is responsible for establishing and maintaining adequate systems and processes for its payphone call tracking system, and for ensuring Total Call International's compliance with the applicable requirements of Section 64.1310(a)(I) of the FCC Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Total Call International management has performed an evaluation of the company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that, as of July 1, 2004, Total Call International complies with all applicable requirements of CC Docket No. 96-128.

We have prepared the required assertion statements relating to Total Call International's Payphone Call Tracking Systems.

Total Call International is acknowledged as the "Completing Carrier" in the following call scenarios:

- Call Type 1 (Completed by Total Call International) - Received via IXCs
  - Call Type 2 (Completed by Total Call International) - Received via PSP contract
  - Call Type 3 (Completed by Total Call International) - Received via LEC Feature Group
- B

All assertions for Total Call International are from the point Total Call International has visibility to the call tracking data.

Total Call International has no ACA's (Alternative Compensation Agreements) with any PSP except Southwestern Bell. It has an ACA with Southwestern Bell (SBC).

Total Call International does not receive any calls via I-LEC feature group. All calls received at Total Call's switches are delivered by Total Call's IXC's.

Total Call International has a signed contract with Billing Concepts Inc. of San Antonio, TX ("BCI") for payphone compensation settlement with PSP's. BCI is a nationally known payphone compensation clearinghouse.

Total Call International has obtained, and relied upon third-party assurance, from BCI to verify that controls and procedures relating to these assertions have been established and maintained by BCI. An independent assessment of the effectiveness of such controls has been performed by an independent accounting firm. (see Appendix)

Total Call International represents the following assertions, where Total Call International is identified as the Completing Carrier:

**FCC compliance § 64.1320(c) Subsection (1) – *Whether the Completing Carrier's procedures accurately track calls to completion***

- Total Call International's definition of the "per-call rate" of \$0.24 is in compliance with current (as of July 2004) FCC rules.
- Total Call International's<sup>3</sup> definition of the "per-call rate" of \$0.494 is in compliance with current (as of September 27, 2004) FCC rules.
- Total Call International's definition of a "Compensable Call" (payphone-originated call that completes over Total Call International's network in which Total Call International identifies itself as the Completing Carrier) is in compliance with the FCC rules,
- Total Call International's definition of a "Completed Call" (call that is answered by the called party) is in compliance with the FCC rules,
- Total Call International's systems, or its contracted partner systems, are able to generate the following reports, on a monthly, quarterly, or on-demand, basis:
  - A list of the toll free and access numbers dialed, and completed, from each PSP's payphones, with the ANI for each payphone.
  - The volume of calls for each toll free, and access, number that was completed by Total Call International.
  - The names, addresses, and phone numbers of the persons responsible for handling Total Call International's payphone compensation.
  - The CIC code, or Trunk routing group, of all facilities based LD carriers that routed calls to Total Call International categorized according to toll-free and access code numbers.
- Total Call International's data storage requirement is in compliance with FCC rules except as noted in the details section following.
- Total Call International's procedures for identifying PSPs are complete and accurate except as noted in the details section.
- Total Call International's procedures for validating payphone ANIs are complete and accurate except as noted in the details section.

**FCC compliance § 64.1320(c) subsection (2) – *Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.***

- Total Call International has designated personnel responsible for drafting the business requirements associated with tracking, compensating, and resolving disputes concerning payphone-compensated calls except as noted in the details section.
- Total Call International has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
- Total Call International has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data except as noted in the detail section.
- Total Call International has designated personnel who are responsible for developing compensation-tracking reports except as noted in the detail section.



- Total Call International has designated personnel who are responsible for payphone compensation dispute resolution.

**FCC compliance § 64.1320(c) subsection (3) – *Whether the Completing Carrier has effective data monitoring procedures.***

- Total Call International has the ability to prepare monthly, quarterly, or ad hoc, reports on payphone call counts, PSP identities and numbers dialed except as noted in the details section.
- Total Call International performs data monitoring procedures on call record volumes entering the payphone compensation systems.
- Total Call International has the ability to produce trend reports of excluded calls.
- Total Call International performs fraud-monitoring procedures to identify potentially illegitimate payphones.
- Total Call International has the ability to investigate and resolve PSP disputes except as noted in the details section.

**FCC compliance § 64.1320(c) subsection (4) – *Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability***

- Total Call International has documented security controls in place to control access to, and monitor, call-tracking data.
- Total Call International has documented security controls in place to control access to, and monitor, the payment disbursement system except as noted in the details section.
- Total Call International has a department responsible for making software changes that affect payphone compensation.
- Total Call International has established protocols to implement and test software changes affecting payphone compensation.
- Total Call International has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

**FCC compliance § 64.1320(c) subsection (5) - *Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.***

- Total Call International utilizes switch data and SQL to populate the date, originating ANI, dialed number, and aggregate data into a Compensable Call File.
- Total Call International uses payphone specific identifiers (info digits or ANI lists) to identify a compensable payphone call record.
- Total Call International applies validation and control procedures to compile the Compensable Call File.

**FCC compliance § 64.1320(c) subsection (6) - Whether the Completing Carrier has procedures to incorporate call data into required reports.**

- Total Call International's SQL systems, or its contracted partner systems, are able to generate the following reports on a quarterly basis:
  - A list of the toll free and access numbers dialed and completed from each PSP's payphones, along with the ANI for each payphone except as noted in the details section.
  - The volume of calls for each toll free and access number that was completed by Total Call International's switches.
  - The CIC code or Trunk routing group of all facilities based LD carriers that routed calls to Total Call International's switches categorized according to toll-free and access code numbers
- Total Call International possess a valid list of payphone owners identified by ANI except as noted in the details section.
- A system listing the names, addresses, and phone numbers of the person(s) responsible for handling payphone compensation except as noted in the details section.

**FCC compliance § 64.1320(c) subsection (7) - Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.**

- Total Call International maintains required call tracking data from before July 1, 2004, except as noted in the details section.
- Total Call International has the ability to investigate and resolve PSP disputes except as noted in the details section.
- Total Call International has designated personnel who are responsible for payphone compensation dispute resolution except as noted in the details section.

**FCC compliance § 64.1320(c) subsection (8) - Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.**

- Total Call International has procedures to identify payphone-originated calls.
- Total Call International has procedures to capture dial-around calls.
- Total Call International has procedures to exclude incomplete calls from the compensable call file.
- Total Call International has procedures to accurately populate call record data in the compensable call file.
- Total Call International has procedures to exclude commissioned calls from the compensable call file.

**FCC compliance § 64.1320(c) subsection (9) - Whether the Completing Carriers has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:**

- (i) identify calls which originated from payphones;
- (ii) identify compensable payphone calls;

(iii) identify incomplete or otherwise non-compensable calls; and  
(iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.

- Total Call International has business rules that identify calls originated from payphones.
- Total Call International has business rules that identify compensable payphone calls.
- Total Call International has business rules that exclude incomplete calls.
- Total Call International has business rules to determine the identities of the payphone service providers to which Total Call International owes compensation except as noted in the details section.

## V. REQUIRED DISCLOSURES

### Total Call International's required disclosures per FCC 64.1320(d)

- Total Call International's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29 or 70. In addition, originating ANI is also used to identify payphones by including them in the records to be forwarded for compensation to BCI.
- Total Call International's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70 (or with a payphone-identified originating ANI) and outbound call duration greater than 60. Calls originating from payphones (I-LEC SBC) where Total Call International has a separate compensation agreement (ACA) in place are excluded from the Compensable Call File by trunk group.
- Total Call International's criteria for identifying incomplete or otherwise non-compensable calls include:
  - 1) calls that do not have info-digits 27, 29 or 70 (or that are not from a payphone-identified originating ANI),
  - 2) calls with a duration of less than 60 (seconds) or
  - 3) calls that originate from payphones where Total Call International has a separate compensation agreement in place. (SBC)
- Total Call International's criteria used to determine the identities of the PSPs to which Total Call International owes compensation is established by BCI, Total Call International's clearinghouse for settlements. BCI's procedures regarding this have been separately audited.
- The type of information that Total Call International needs from the PSPs in order to compensate the PSPs is determined by BCI, collected by BCI and implemented into the BCI payphone compensation processes.

Total Call International.

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## VI. FOOTNOTES

### 1. Relationship between GAGAS and Other AICPA

**(excerpt) 1.07** Even if not required to do so, auditors may find it useful to follow GAGAS in performing audits of federal, state, and local government programs as well as in performing audits of government awards administered by contractors, nonprofit entities, and other nongovernment entities. Many audit organizations not formally required to do so, both in the United States of America and in other countries, voluntarily follow GAGAS

**1.08** Auditors may provide professional services, other than audits and attestation engagements, that consist solely of gathering, providing, and explaining information requested by decision makers or by providing advice or assistance to officials of the audited entity. GAGAS are not applicable to nonaudit services, which are described more fully in chapter 2. However, providing nonaudit services may affect an audit organization's independence to conduct audits, which is discussed in chapter 3

**1.09** GAGAS may be used in conjunction with professional standards issued by other authoritative bodies. For example, the American Institute of Certified Public Accountants (AICPA) has issued professional standards that apply in financial audits and attestation engagements performed by certified public accountants (CPA). GAGAS incorporate the AICPA's field work and reporting standards and the related statements on auditing standards for financial audits unless specifically excluded, as discussed in chapters 4 and 5. GAGAS incorporate the AICPA's general standard on criteria, and the field work and reporting standards and the related statements on the standards for attestation engagements, unless specifically excluded, as discussed in chapter 6. To meet the needs of users of government audits and attestation engagements, GAGAS also prescribe requirements in addition to those provided by the AICPA for these types of work.

### 2. § 64.1320 Payphone Call Tracking System Audits.

(a) As a precondition to tendering payment pursuant to section 64.1310(a), all Completing Carriers must undergo a system audit of their section 64.1310(a)(1) tracking system by an independent third party auditor whose responsibility shall be, using audit methods approved by the American Institute for Certified Public Accountants, to determine whether the call tracking system accurately tracks payphone calls to completion.

(b) By the effective date of these rules, each Completing Carrier in paragraph (a) must file an audit report from the auditor (the "System Audit Report") regarding the Completing Carrier's compliance with section 64.1310(a)(1) as of the date of the audit with the Commission's Secretary in CC Docket No. 96-128 and with each payphone service provider for which it completes calls and with each facilities-based long distance carrier from which it receives payphone calls.

(c) The Completing Carrier must comply with, and the third-party auditor must verify, the Completing Carrier's compliance with the following factors in establishing a call tracking system pursuant to section 64.1310(a)(1):

- (1) Whether the Completing Carrier's procedures accurately track calls to completion;
- (2) Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls;
- (3) Whether the Completing Carrier has effective data monitoring procedures;
- (4) Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability;
- (5) Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers;
- (6) Whether the Completing Carrier has procedures to incorporate call data into required reports;
- (7) Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes;
- (8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial; and
- (9) Whether the Completing Carriers has in place adequate and effective business rules for implementing

and paying payphone compensation, including rules used to:

- (i) identify calls originated from payphones; (ii) identify compensable payphone calls;
- (iii) identify incomplete or otherwise noncompensable calls; and (iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.

## APPENDIX A

### Definitions as Required by this Report

#### Dial Around Compensable Rate:

The amount paid to the payphone operator by the completing carrier for a completed DAC call. The rate is currently included in the clearinghouse contract between Total Call International, Inc., and Billing Concepts, Inc., referenced as "Dial Around Compensation Services Agreement" and signed by both parties as of 2004. The contract makes allowances for future changes in the compensation rate as might be agreed upon, or, mandated by the FCC.

#### Compensable Call:

A compensable call is a completed payphone-originated call.

#### Completed Call:

A call is considered completed when the outbound call has lasted more than 60 seconds. Calls from many of Total Call's customers are to the far and middle east where reliable call completion codes are not available. The 60-second time period, which begins at the time the customer presses the last digit of the called telephone number, and includes all the switching times on the outbound leg plus on-hook ringing times at the receiver's end, makes allowances for the lack of answer supervision signaling. In some cases the call actually never completes and the caller is left hanging with dead space in his ear. In this case, Total Call does not charge the caller, but, because the call exceeds 60 seconds, does consider the call compensable and includes the call in its compensable call record file to BCI..

#### Clearinghouse

Third party entity that performs some of the functions required to compensate payphone owners

#### UTC:

Universal Coordinated Time (formerly known as Greenwich Mean Time)